
International Business Management 2015 vol.9 N7, pages 1702-1704

Evaluating the rates of investment project effectiveness for Commercial Bank

Dautov A.

Kazan Federal University, 420008, Kremlevskaya 18, Kazan, Russia

Abstract

© Medwell Journals, 2015. Elaboration of methodological approaches to evaluation of investment projects will allow to make better informed and qualitative decisions. The major task of evaluating investment projects by Commercial Bank is information acquisition for making a decision about expediency of financing this project. The study demonstrates the key approaches to evaluating investment projects by commercial bank, gives the rate evaluations of effectiveness of the project, reveals methodological errors in evaluating the rates for Commercial Bank. It has been used the direct method of budgeting cash resources, the method of discounting cash flows, calculation of the rates of net present value of the project, assessment of payback period. On the results of investigations, it has been determined the structure of cash flows for evaluating the indicators of effectiveness by Commercial Bank. It has been carried out a comparative assessment of the rate of net present value for determination of effectiveness of the project in general and for evaluation by the Commercial Bank. It has been interpreted the internal rate of return of the project by evaluating the project by bank. In the end of the investigation, it has been suggested the methodical recommendations on evaluating the rate of net present value, on selecting a planning horizon and on determining the period of payback.

<http://dx.doi.org/10.3923/ibm.2015.1702.1704>

Keywords

Commercial bank, Discount method, Internal rate of return, Investment analysis, Investment project, Net present value, Russia